

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Masonville, Iowa Post Office

Docket No. A2011-38

ORDER AFFIRMING DETERMINATION

(Issued November 17, 2011)

I. INTRODUCTION

On August 2, 2011, Nellie and Herman Marting (Petitioners) filed an appeal with the Commission seeking review of the Postal Service's determination to close the Masonville, Iowa post office (Masonville post office).¹ After review of the record in this proceeding, the Commission affirms the Final Determination to close the Masonville post office.

¹ Petition for Review received from Nellie and Herman Marting Regarding Masonville, IA Post Office 50654, August 2, 2011 (Marting Petition). Additional Petitions for Review were received from Verna Alden (Alden Petition) and Concerned Citizen (Concerned Citizen Petition), both on August 9, 2011, and the Mayor of the City of Masonville and the Masonville City Council (Mayor Petition) on August 12, 2011.

II. PROCEDURAL HISTORY

In Order No. 792, the Commission established Docket No. A2011-38 to consider the appeal, designated a Public Representative, and directed the Postal Service to file the Administrative Record and any pleadings responding to the appeal.²

On August 10, 2011, the Postal Service filed the Administrative Record.³ The Postal Service also filed comments requesting that the determination to close the Masonville post office be affirmed.⁴

The Petitioners filed a participant statement in support of their petition.⁵ On October 11, 2011, the Public Representative filed reply comments.⁶

III. BACKGROUND

The Postal Service made a determination to close the Masonville post office located in Masonville, Iowa. The Masonville post office provided retail postal services and service to 26 post office box customers. Administrative Record, Item 13. No delivery customers were served through this office. *Id.* The Masonville post office, an EAS-53 level facility, had retail access hours of noon to 4:15 p.m., Monday through Friday and 11:30 a.m. to 12:45 p.m., Saturday, and lobby access hours of noon to 4:30 p.m., Monday through Friday and 11:30 a.m. to 1:00 p.m., Saturday. Final Determination at 2.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, August 5, 2011 (Order No. 792).

³ The Administrative Record is attached to United States Postal Service Notice of Filing, August 10, 2011; see *also* United States Postal Service Notice of Filing September 20, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Masonville, IA Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁴ United States Postal Service Comments Regarding Appeal, September 26, 2011 (Postal Service Comments).

⁵ Participant Statement received from Nellie Marting, September 1, 2011 (Marting Statement).

⁶ Public Representative Reply Comments, October 11, 2011 (PR Comments).

The Masonville postmaster was promoted and reassigned on August 19, 2006. An officer-in-charge (OIC) had been installed to operate the office. *Id.* Retail transactions averaged six transactions daily (7 minutes of retail workload). *Id.* Office receipts averaged less than \$14,000 annually for the past three years. *Id.* There are no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates saving \$21,044 annually. Administrative Record, Item 29.

After the closure, retail services will be provided by the Winthrop post office located 9 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Winthrop post office. The Winthrop post office is an EAS-16 level facility, with retail hours of 8:30 a.m. to 11:30 a.m. and 1:30 p.m. to 4:30 p.m., Monday through Friday, and is closed on Saturday. One hundred eight post office boxes are available.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Masonville post office. The Marting Petition states the closing will be a huge disadvantage to the community. Marting Petition at 1. Marting contends the Postal Service relied upon a low quality and inaccurate study which indicated the closure will result in economic savings, made no effort to replace the postmaster, relied upon the lack of a postmaster in the decision to close, and will be leasing an empty building for 10 more years instead of using the property to generate income and pay rent and salaries. Marting Statement at 1-2.

The Mayor Petition asks the Postal Service to “look at the effect of closing the post office on a human level not just a monetary level.” Mayor Petition at 1. He states the post office is a place that can be used to keep residents informed of local events and programs. *Id.* The Alden Petition notes a preference for completing postal transactions at a post office window over having to track down a rural carrier. Alden Petition at 1. The Concerned Citizen Petition expresses concern over the completeness of the closure study and the level of service provided through the substitute Winthrop post office.

Postal Service. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Masonville community, and the economic savings expected to result from discontinuing the Masonville post office. Postal Service Comments at 1-2. The Postal Service contends that it has given these and other statutory issues serious consideration, and concludes the determination to discontinue the Masonville post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Masonville post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural delivery and retail service);
- no projected growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 4-5. The Postal Service contends regular and effective service will continue to be provided to the Masonville community after the closure. *Id.*

The Postal Service also addresses the concerns raised by the Petitioners regarding the effects on postal services, the Masonville community, economic savings and postal employees. *Id.* at 5-12.

Public Representative. The Public Representative states there are no grounds to remand the final determination to the Postal Service based on deficiencies in procedural due process. PR Comments at 2. However, the Public Representative concludes the Postal Service's shortcomings in consideration of applicable statutory factors, such as the estimated cost savings, warrant a remand. *Id.* at 13. Specifically, the Public Representative questions the Postal Service's estimation of cost savings. *Id.* at 2. The Public Representative also states that the Postal Service did not address why the collection box will not be retained at the post office. *Id.* at 3.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The record indicates the Postal Service has taken the following steps in reaching its Final Determination. On March 2, 2011, the Postal Service distributed 30 questionnaires to post office box customers and made questionnaires available at the counter for retail customers. Final Determination at 2. Eighteen questionnaires were returned. *Id.* On March 17, 2011, the Postal Service held a community meeting with 16 customers in attendance. *Id.* The Postal Service posted the proposal to close the

Masonville post office at the Masonville, Manchester, and Winthrop post offices for approximately 60 days, from April 4, 2011 to June 5, 2011. *Id.* The Final Determination was posted at the same three post offices starting July 5, 2011. *Id.* at 1.

Based on a review of the record, the Commission finds that the Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Masonville post office, customers raised concerns regarding the effect of the closure on postal services. Their concerns and the Postal Service's responses are summarized in the Final Determination.

For example, customers expressed concerns regarding the loss of a bulletin board of information on community announcements and the loss of a gathering place. The Postal Service replies that residents may continue to meet informally, socialize, and share information at other businesses, residences and churches in the town. *Id.* at 6-7.

The Mayor Petition expressed concern with the loss of a post office because the post office is a very important part of the community. The Postal Service explains that the community identity will be preserved by continuing the use of the Masonville name and ZIP Code in customer addresses, although a new 911 address will be assigned. Postal Service Comments at 8-9.

The Commission concludes that the Postal Service has attempted to consider and respond to the issues raised by customers concerning the effect on the community.

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on services. *Id.* at 5. The Postal Service asserts that customers of the closed Masonville post office may obtain retail services at the Winthrop post office located 9 miles away. Final Determination at 2. Delivery service will be provided by rural carrier through the Winthrop post office. The 26 post office box customers may obtain Post Office Box Service at the Winthrop post office. One hundred eight post office boxes are available at the Winthrop post office. *Id.*

For customers choosing not to travel to the Winthrop post office, the Postal Service explains that services will be available from the carrier at roadside mailboxes located in close proximity to customer residences. *Id.* The Postal Service adds that it is not necessary to meet the carriers for service since some transactions only require customers to complete order forms. *Id.* at 4.

Customers also expressed concerns regarding continued access to service for senior citizens. *Id.* at 6. The Postal Service maintains that carrier service is beneficial to seniors because they will not have to make a special trip to the post office. *Id.*

Based on a review of the record, the Commission concludes that Masonville customers will continue to receive effective and regular service.

Economic savings. The Postal Service estimates total annual savings of \$21,044. *Id.* at 7. It derives this figure by summing the following costs: postmaster salary and benefits \$20,492; and annual lease costs \$3,300, minus the cost of replacement service \$2,748.

The Public Representative questions four elements of cost savings: the omission of the one-time expense for installing cluster boxes, the continuing lease obligation, the inclusion of postmaster salary instead of OIC salary, and the potential for the OIC to be retained instead of terminated. PR Comments at 2; see *a/so* Marting Statement at 1-2.

The expense of installing cluster box units must be considered by the Postal Service. This typically would be accounted for as a one-time expense offsetting

first-year cost savings estimates. In this instance, it is unclear whether the Postal Service is only considering installing cluster box units, or actually plans to install cluster box units. *Compare* Final Determination at 4 *with* Administrative Record, Item No. 13. Until a decision is made to install the units, it is not unreasonable to omit this item from the cost estimate. Furthermore, the \$21,044 cost cited by the Public Representative as directly offsetting the first year cost savings is specious both because of the direct offset and the high cost in relationship to installing cluster box units at other locations. See Administrative Record, Item 29b.

The Postal Service indicates that the lease runs through February 28, 2013, and does not provide for a 30-day cancelation clause. *Id.*, Item 18. Therefore, the Postal Service is liable for the balance of the term and presumably will continue to make payments through February 2013.⁷ Taking this additional cost into effect (\$3,300 annually) reduces the net savings through February 2013. Alternatively, it could simply elect to make a one-time payment of approximately \$4,400 (16 months left in the term at \$275 per month). If that election were made, net first year savings would be reduced to \$16,644 (\$21,044 - \$4,400). Regardless of which approach the Postal Service elects, the additional cost should be factored into its net annual savings estimate to present a more accurate picture of the financial implications of the decision to close the facility.

The Public Representative raises concerns regarding the effect that retaining versus terminating an OIC, and use of a postmaster versus an OIC salary has on cost savings estimates. The Commission finds that taking both concerns into account likely would reduce, but not eliminate entirely, potential cost savings. Future discontinuance determinations should indicate more clearly the status of the OIC, *i.e.*, as a non-career employee or as a temporary assignment for a career employee.

⁷ Petitioners states that the lease for the Masonville post office extends for another 10 years. Marting Statement at 2. The record indicates that the lease extends only until February, 2013. See Administrative Record, Item No. 18.

The Commission finds that the Postal Service has taken economic savings into account.

Effect on employees. The Postal Service indicates that the former postmaster was promoted on August 19, 2006. The non-career postmaster relief may be separated from the Postal Service and no other employees will be adversely affected. Final Determination at 7.

Petitioners contend that the Postal Service made no effort to replace the postmaster, but used the absence of a postmaster as justification for the closure. Marting Statement at 2.

The Postal Service explains that where there are vacancies in small offices, the Postal Service conducts studies of business activities and investigates the feasibility of providing service by other means. Many positions have not been filled because of a hiring freeze. The Postal service states that leaving positions open has allowed the Postal Service more flexibility to determine cost-effective means of providing service throughout the organization. Final Determination at 5.

The Commission is aware of Postal Service policy on filling small office postmaster vacancies. This is a matter under the Postal Service's control. The postmaster vacancy, by itself, should not be used as a factor in determining whether or not to close a retail facility.

The Commission finds that the Postal Service has taken the effect on employees into account.

VI. CONCLUSION

Based on its review of the entire record before it, the Commission concludes that the Postal Service has adequately considered all requirements of 39 U.S.C. § 404(d). Accordingly, its determination to close the Masonville post office and provide rural route delivery is affirmed.

It is ordered:

The Postal Service's determination to close the Masonville post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary